



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Mike Dunleavy, Governor
Julie Anderson, Commissioner
Robert M. Pickett, Chairman

Regulatory Commission of Alaska

April 12, 2021

In reply refer to: Tariff Section
File: TA888-2
LO #: L2100081

Steven J. Kramer
Senior Director of Regulatory Affairs
Alaska Power Company
901 N. Leatherleaf Loop, Suite 201
Wasilla, AK 99654

Dear Mr. Kramer:

Alaska Power Company (APC) filed TA888-2 on January 14, 2021, requesting approval of a special contract with Sundance Mining, LLC. On April 6, 2021, the Regulatory Commission of Alaska approved the special contract, subject to conditions, filed January 14, 2021, and Tariff Sheet No. 100 filed March 18, 2021, by APC in TA888-2. The effective date of the tariff sheet and special contract is April 12, 2021.

The Commission conditionally approves the special contract as proposed by APC and requires future filings.

Conditions:

- The term of the special contract filed with TA888-2 cannot be extended beyond the initial one-year term without the prior approval of such extension by the commission.
- APC cannot recover the cost of excess diesel generation from ratepayers through its Cost of Power Adjustment. For the purpose of this condition, the term 'the cost of excess diesel generation' means the costs for diesel fuel incurred when APC uses its diesel generation capacity to serve firm retail loads on Prince of Wales Island if such use of the diesel generation could have been avoided through the storage of water at hydroelectric generation facilities rather than using that water to provide interruptible service under the special contract filed with TA888-2.

Filings Required:

- If APC desires to extend the special contract's term beyond the initial one-year term under Article 17 of the special contract filed with TA888-2, the Commission requires APC to file a tariff advice letter requesting approval of the extension not less than 45-days prior to the expiration of the initial one-year contract term.
- In APC's Cost of Power Adjustment filings, APC shall file a report of when diesel generation was operated to supply energy to firm retail customers on Prince of Wales Island and whether that use of diesel generation could have been avoided through the

storage of water that was used to provide interruptible service under the special contract filed with TA888-2.

Enclosed are validated copies of the approved tariff sheet and the special contract. Please note that the effective date has been added to the bottom right corner of the tariff sheet and each page of the special contract. In addition, a reference to TA888-2 has been added to the bottom left corner of each page of the special contract.

BY DIRECTION OF THE COMMISSION

Sincerely,

REGULATORY COMMISSION OF ALASKA



Robert M. Pickett
Chairman

Enclosures

<div style="border-bottom: 1px solid black; margin-bottom: 5px;">16th Revision</div> <div style="border-bottom: 1px solid black; margin-bottom: 5px;">Cancelling:</div> <div style="border-bottom: 1px solid black;">15th Revision</div>	<div style="border-bottom: 1px solid black; margin-bottom: 5px;">Sheet No. 100</div> <div style="border-bottom: 1px solid black;">Sheet No. 100</div>	<div style="font-size: 1.5em; font-weight: bold; margin-bottom: 10px;">RECEIVED</div> <div style="font-size: 1.2em; font-weight: bold; margin-bottom: 10px;">MAR 18 2021</div> <div style="font-size: 0.8em;">STATE OF ALASKA REGULATORY COMMISSION OF ALASKA</div>
Alaska Power Company		
<p><u>LIST OF SPECIAL CONTRACTS</u></p> <p>This tariff sheet provides the special contracts currently in effect with Alaska Power Company (APC). The special contracts listed are designed to accommodate the customer named in the special contract, and will be offered to others similarly situated at the same rates, terms, and conditions.</p> <ol style="list-style-type: none"> 1. Whole sale Supply Contract to APC from BBL Hydro, Inc. for APC's requirements in the Craig/Klawock area as approved in TA3-573. 2. Wholesale Supply Contract to APC from Goat Lake Hydro, Inc. for APC's requirements in the Skagway area as approved in U-07-078 (10). 3. Wholesale Supply Contract to APC from Haida Energy, Inc. for APC's requirements for Rate Group 2 on Prince of Wales Island as approved in TA 885-2. 4. (Reserved). 5. (Reserved). 6. Interruptible Power Contract with Youngs Fuel Logs and Pellets, LLC filed approved by the Commission in TA 841-2. Contract was executed on April 11, 2014. 7. Interruptible Power Sales Agreement with Silver Bays Seafoods, LLC, (SBS) executed on May 16, 2019. Contract in effect on date of approval by the Regulatory Commission of Alaska under TA786-2. SBS is required to purchase 2 million kWh of energy annually, and to maintain backup generation facilities. 8. Interruptible Power Sales Agreement with Sundance Mining Group, LLC (Sundance Mine) executed on January 12, 2021. Contract in effect on date of approval by the Regulatory Commission of Alaska under TA888-2. Sundance Mine is required to purchase 2 million kWh of energy annually and maintain backup generation facilities. 		
<div style="display: flex; justify-content: space-between;"> Tariff Advice Number: TA888-2 Effective: April 12, 2021 </div> <div style="border-top: 1px solid black; padding-top: 10px;"> <div style="display: flex; justify-content: space-between;"> Issued by: Alaska Power Company </div> <div style="display: flex; justify-content: space-between; align-items: flex-end; margin-top: 20px;"> <div style="text-align: center;"> By: Steven J. Kramer </div> <div style="text-align: center;"> Title: Senior Director of Regulatory Affairs </div> </div> </div>		

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POWER SALES AGREEMENT

This Power Sales Agreement ("Agreement") is made between Alaska Power Company ("Seller"), a corporation organized and existing under the laws of the State of Alaska, and SUNDANCE MINING GROUP, LLC. ("Purchaser"), a Limited Liability Company organized and existing under the laws of the State of Alaska. Seller and Purchaser are each hereinafter sometimes referred to as a "Party" or together as the "Parties."

RECITALS

- A. Seller currently generates and sells electrical power and energy in the Hollis, Alaska area pursuant to Certificate of Public Convenience and Necessity No. 2, issued by the Regulatory Commission of Alaska ("Commission").
- B. Purchaser operates an ore mine in Hollis, Alaska and anticipates expanding by moving to around-the-clock shifts.
- C. Seller wishes to support local economic development and stimulate additional energy demand by selling energy to Purchaser on an interruptible basis.
- D. Purchaser wishes to purchase energy from Seller on an interruptible basis for the purpose of extraction and processing ore at the mine site.

AGREEMENT

In consideration of the mutual undertakings herein contained, the Parties hereto agree as follows:

1. DEFINITIONS:

- a. "Minimum Energy Demand" shall mean the Purchaser agrees to take at a minimum 2 million kWh annually during the term of the Agreement.
- b. "Interruptible Power (or Energy)" shall mean that excess energy supplied by Seller to Purchaser under the Agreement, which electric power may be interrupted, limited, or scheduled during discreet time periods, because in Seller's sole discretion, such interruption, limitation, or schedule is in the best interest of its customers. Interruptible power or energy may also be interrupted, limited, or scheduled if, in Seller's sole discretion, the provision of such power adversely affects the quality or reliability of service.
- c. "Purchaser" shall mean SUNDANCE MINING GROUP, LLC, its successor-in-interest, or assignee.



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d. "Seller" shall mean Alaska Power Company.

2. SALE OF INTERRUPTIBLE POWER. The Seller shall sell and deliver to the Purchaser, and the Purchaser shall purchase and receive from the Seller energy for the operation of its Hollis Mining Facility in an amount and at such times as the Seller has excess energy available. At a minimum the Purchaser agrees to take or pay for 2 million kWh of energy per year.
3. ANNUAL TRUE UP OF SALES. At the annual anniversary date of the Agreement, the amount energy purchased by the Purchaser will be analyzed. If the Purchaser has purchased less than the Minimum Energy Demand, i.e., 2 million kWh for the anniversary year, then a true up for the shortage will be computed. The amount of the true up is the difference between the Minimum Energy Demand and the actual amount of energy purchased. All rate elements and surcharges listed in SCHEDULE A, with the exception of the Cost of Power Adjustment (COPA) surcharge, will be applied against the true up. The demand charge will be the peak demand for the last 90 days of the true up period.
4. ELECTRICAL CHARACTERISTICS AND DELIVERY POINTS. Electrical power and energy to be furnished by Seller to Purchaser shall be alternating current, three-phase, 60 hertz. The voltage and point of delivery and connection shall be at the CT metering / primary metering cabinet located at the Seller's Hollis facility. Purchaser will be responsible for all facilities beyond the point of delivery. Metering shall be at the point of delivery. A power factor correction of 0.90 or better must be maintained at all times or the power factor adjustment will apply.
5. FACILITIES BY SELLER/PURCHASER. The Seller shall construct all necessary substation, metering, and other facilities up to the point of delivery necessary to interconnect with Purchaser, and Purchaser agrees to pay the actual cost of installation of those facilities. Purchaser shall own and maintain connecting equipment which may be reasonably necessary to enable the Purchaser to take and use the energy past the point of delivery. Meters and metering equipment shall be furnished, maintained, and read by the Seller and shall be located at the point of delivery.
6. METER READING AND BILLS. Seller shall read the meters and measure the Purchaser's consumption monthly. Electric power and energy furnished hereunder shall be paid for at the billing offices of the Seller, monthly within thirty (30) days of the Purchaser's receipt of the invoice. If the Purchaser fails to pay any such bill within this period, Seller may discontinue delivery of electrical power and energy hereunder upon fifteen (15) days written notice to the Purchaser of its intention to do so, and Purchaser shall be billed for the energy remaining under the obligations of the Agreement.

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7. METER TESTING AND BILLING ADJUSTMENT. Seller shall test and calibrate meters by comparison with accurate standards at intervals satisfactory to the Parties. Seller shall make special meter tests at any time at the Purchaser's request. The costs of all tests shall be borne by the Seller, unless the special test made at the Purchaser's request disclose that the meters are recording accurately. In this case, the Purchaser shall reimburse the Seller for the costs of such tests. Meters registering not more than two percent (2%) above or below normal shall be deemed to be accurate. The reading of any meters disclosed by tests to be inaccurate shall be corrected for the 90 days prior to testing in accordance with the percentage of inaccuracy found by such tests. If any meter shall fail to register for any period, the Parties shall agree to the amount of energy furnished during such period and the Seller shall render an invoice accordingly.
8. NOTICE OF METER READING TEST. The Seller shall notify the Purchaser in advance of any meter reading or test to allow a Purchaser's representative to be present at the meter reading or test.
9. RIGHT OF ACCESS. Purchaser agrees to allow Seller's duly-authorized representatives to have access or entry to the premises, facilities, and property of the Purchaser at any reasonable time in order to carry out the provisions of the Agreement. Seller shall make all reasonable efforts to avoid interrupting or interfering with Purchaser's operations.
10. INTERRUPTIBLE POWER. Purchaser understands that it is purchasing Interruptible Power which may vary from year-to-year depending upon the amount of excess generation available. Seller shall not be obligated to provide a certain level of power to Purchaser, provided however, that Seller shall not allocate excess energy to other interruptible contracts in preference to Purchaser. Seller agrees that in the event interruption of power to interruptible customers becomes necessary, it will do so in reverse order of the effective date of the contract for sale of Interruptible Power. Thus, interruption of power to Purchaser will occur only after Seller has interrupted power to other Interruptible Power purchasers operating under agreements signed after the effective date of the Agreement. Power interruption does not affect the Minimum Energy Demand commitment of the Purchaser.
11. RATES. Seller shall sell to Purchaser all electric energy and power furnished hereunder pursuant to the terms and conditions set forth in the Agreement at the rates detailed in SCHEDULE A. The rate elements detailed in SCHEDULE A are exclusive of applicable taxes that are to be assessed pursuant to code or statute.
12. PERMITS AND LICENSES. Purchaser shall be responsible for all permits, licenses, and any other regulatory requirements regarding operation of its generation. Seller shall be responsible for all permits, licenses, and other regulatory requirements regarding its sale of Interruptible Power to Purchaser, including without limitation, obtaining approval of the Agreement from the Commission.



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13. TERMINATION. Seller reserves the right to terminate the Agreement if service of Interruptible Power to Purchaser adversely affects the reliability, quality, or cost of service to its other customers. Seller shall give sixty (60) days' notice of intent to cancel and provide Purchaser with a reasonable opportunity to correct any issues adversely affecting Seller's other customers.
14. SEVERABILITY. If any section, paragraph, clause, or provision of the Agreement shall be finally adjudicated by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of the Agreement shall remain in full force and effect as though such section, paragraph, clause, or provision or any part thereof so adjudicated to be invalid had not been included herein.
15. NOTICE. Any notice, demands, or requests required or authorized by the Agreement to be given to the Parties hereto shall be deemed properly given if mailed, postage prepaid, as follows:
- To Seller: Alaska Power Company
P.O. Box 3222
Port Townsend, Washington 98368
- To Purchaser: SUNDANCE MINING GROUP, LLC.
P.O. Box 875023
Wasilla, Alaska 99687
- The Parties may from time-to-time designate a new address to which notices, demands, or requests, required or authorized by the Agreement may be addressed, and from and after such designation, the address designated shall be deemed to be the address of the Party in lieu of the address herein given.
16. COUNTERPARTS. The Agreement shall be executed in several counterparts, all or any of which shall be regarded for all purposes as one original, and shall constitute and be but one and the same instrument.
17. TERM. The term of the Agreement shall begin on the date of approval of the Agreement by the Commission. The term shall be for one (1) year from the effective date described herein, unless terminated earlier as provided herein. At the end of each term, the Agreement shall be automatically extended for one additional year unless either Party gives the other written notice of termination at least 30 days prior to the end of the relevant term.
18. INDEMNITY. Purchaser agrees to indemnify, defend, and hold harmless Seller from any and all costs, expenses, damages, liens, charges, claims, demands, attorneys' fees, penalties, fines, or liabilities whatsoever (hereinafter in this paragraph referred to as a "claim") arising out of or in any manner connected with or resulting from the operations hereunder of Seller and its servants, employees, independent



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contractors, and assigns, which is not attributable to the sole act of negligence of the Seller, which shall be asserted by any third party, including, but not limited to Purchaser's employees and contractors.

19. REGULATORY COMMISSION OF ALASKA REVISIONS. The Agreement is at all times subject to revisions by the Commission under 3 AAC 48.390. Both Parties shall be given notice and an opportunity to be heard should the Commission be considering any revision to the Agreement.

In the event the Commission revises the Agreement in such a manner that either Party no longer believes it is in that Party's best interest to continue under the Agreement, the Party may unilaterally terminate the Agreement.

20. ENTIRE AGREEMENT. The Parties hereby acknowledge that the Agreement contains the entire agreement and understanding with respect to the subject matter hereof, that the terms of this Agreement are contractual and not merely recitals, the Agreement supersedes, replaces, and substitutes for all prior negotiations, agreements, understandings, representations with respect to the subject matter hereof, whether oral or written, the Agreement may not be amended, modified, or waived, except in writing signed by both Parties.

21. FORUM SELECTION. The Parties agree that all proceedings, judicial or otherwise, arising out of or relating in any manner whatsoever to the Agreement shall be conducted in the state courts located in the First Judicial District, State of Alaska, and governed by the laws of the State of Alaska. In the event it is necessary for either Party to commence legal proceedings with respect to the Agreement, or any breach thereof, the prevailing Party shall be entitled to recover its reasonable attorneys' fees and costs incurred therein.

22. ASSIGNMENT. Purchaser shall not assign or transfer obligations in the Agreement without the prior written consent of Seller, which consent shall not be unreasonably withheld. Subject to the foregoing, the Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Parties hereto.

ALASKA POWER COMPANY

By: Michael Garrett

Title: _____

Date: 01 / 12 / 2021

SUNDANCE MINING GROUP, LLC

By: Mark B. Lee

Title: CEO

Date: 01 / 12 / 2021



SCHEDULE A

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PURCHASER shall purchase Interruptible Energy from the Seller under the rate elements listed in Schedule No. A-4 of Seller's tariff. Seller agrees to pay the rates that are in effect during the time the Agreement is in place. Seller acknowledges these rates follow the Schedule No. A-4 and change from time-to-time.

The rate elements and charges in effect at the time of the Agreement are:

Energy Rate	\$0.0332 per kWh
Demand Charge ¹	\$2.07 per kW
Cost of Power Adjustment	COPA surcharge in effect (per kWh)
Monthly Customer Charge	\$116.02 per month
Regulatory Cost Charge	\$.000654 per kWh

Sample Bill of 166,000 kWh (average of 2 MWh/12 months) energy usage and 500 kW in demand:

Customer Charge	\$	116.02
Energy Rate @ \$.0332		5,511.20
Demand Charge @ \$2.07		1,035.00
COPA @ \$.0713		11,835.80
RCC @ \$.000654		<u>108.56</u>
Total	\$	18,606.58

*Example is exclusive of applicable taxes.

¹ The Demand Ratchet Rate Element of Schedule No A-4 applies to this contract. The billed demand shall be the greater of the maximum monthly demand or 75% of the maximum demand recorded during the preceding 11 months.